

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2009-AH-85**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

MICHAEL OLSON

RESPONDENT

**FINAL ORDER DENYING APPLICATION FOR
MORTGAGE LOAN ORIGINATOR REGISTRATION**

* * * * *

The Commissioner of the Department of Financial Institutions (“DFI”) hereby enters this **Final Order Denying Application for Mortgage Loan Originator Registration** of Michael Olson (“Olson” or “Respondent”).

STATEMENTS OF FACT

1. DFI is the agency of Kentucky state government charged with administering the provisions of the Mortgage Loan Company and Mortgage Loan Broker Act (“Act”), KRS Chapter 286.8, and the rules and regulations and orders enacted pursuant to the Act.
2. The Respondent has applied for a certificate of registration as a loan originator, pursuant to KRS 286.8-255.
3. The Respondent was a loan officer and branch manager for OK Financial Group (“OK Financial”) from June 2000 to May 2002.
4. In an Administrative Complaint dated January 7, 2002, DFI alleged that nine (9) loans brokered by OK Financial and submitted to Homecomings Financial Networks, Inc. for financing, contained inflated property values of the subject real estate. In each case, the appraisal was performed by John C. Mason. Mr. Mason would performed the appraisal and then

submit the appraisal to OK Financial. When OK Financial submitted the appraisal to Homecomings Financial Networks, Inc. the value of the real estate, to be the subject of the residential home loan, was vastly inflated.

5. In an Agreed Order entered into by OK Financial and DFI, OK Financial admitted to violations of KRS 294.090(3) and (7)¹ and KRS 294.220(2)(a) and (b). OK Financial's mortgage broker license was revoked pursuant to the Agreed Order in June 2002. *See Department of Financial Institutions vs. OK Financial Group, Inc.*, Agency Case No. 2002-AH-002, Administrative Action No. 02-PPC-0059.

6. Of the nine (9) loans subject to the Agreed Order, three (3) involved the Respondent in his capacity as an employee of OK Financial.

7. In addition to the above, during a recent exam DFI discovered that the Respondent has ordered credit reports on behalf of First Meridian Mortgage Corporation for Kentucky borrowers. Olson is not currently registered as mortgage loan originator or mortgage loan processor.

8. On November 12, 2009, the Commissioner issued an Order Denying Application for Mortgage Loan Originator to the Respondent. The Order was sent certified mail, return receipt requested to the Respondent at 87020 Bards Court, Louisville, KY 40299. This was the address supplied by the Respondent during the application process as his mailing address.

9. The Order informed the Respondent that he had twenty (20) days to appeal the application denial. The Respondent signed for the Order Denying Application for Mortgage Loan Originator Registration on November 14, 2009.

10. More than twenty (20) days has passed and the Respondent has failed to request a hearing in this matter.

¹ KRS 294.090 has been renumbered as KRS 286.8-090 and KRS 294.220 has been renumbered KRS 286.8-220.

STATUTORY AUTHORITY

11. No person shall transact business in Kentucky as a mortgage loan originator, or mortgage loan processor unless that person is registered with DFI and complies with all the applicable requirements of KRS Chapter 286.8. *See* KRS 286.8-255(1); *See Also* KRS 286.8-030(1)(c).

12. Pursuant to KRS 286.8-044(1), "Notice of entry of any order of suspension or denial of a license, registration, or claim of exemption to any applicant, registrant, or licensee shall be given in writing and served personally or sent by certified mail to the last known address of the person affected. The affected person, upon timely written request to the executive director, shall be entitled to a hearing in accordance with the provisions of KRS Chapter 13B; but if no written request is received within twenty (20) days of service of the notice, the executive director shall enter a final order suspending or denying the license or registration."

13. KRS 286.8-255(9)(c) prohibits a certificate of registration from being granted to a loan originator unless the applicant, "...has demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the loan originator or loan processor will operate honestly, fairly, lawfully, and efficiently within the purposes of the subtitle."

14. In addition, KRS 286.8-090(1) states that the Commissioner may deny a registration if the applicant:

(a) Does not meet, no longer meets, or has failed to comply with the requirements of this subtitle;

(c) Does not conduct his business in accordance with the law or the method of business includes or would include activities which are illegal where performed;

(g) Has made any misrepresentations or false statements to, or concealed any essential or material fact from, any person in the

mortgage lending process, or has engaged in a course of business that has worked or tended to work a fraud upon any person or would so operate;

(n) Has demonstrated incompetence or untrustworthiness to act as a licensee or registrant or to continue a claim of exemption granted by application under this subtitle;

(v) Has violated any provision of this subtitle, administrative regulation promulgated hereunder, or order issued by the executive director.

FINDINGS

15. Based on the evidence presented, the Commissioner finds that the Respondent has not demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the loan originator or loan processor will operate honestly, fairly, lawfully, and efficiently within the purposes of the Act, pursuant to KRS 286.255(9)(c).

16. Additionally, OK Financial's mortgage broker license was revoked in June 2002 as the result of brokering nine (9) loans for financing that contained inflated property values of the subject real estate. As branch manager for OK Financial Group, Inc., the Respondent was involved in three (3) loans where the appraisals for property to be the subject of real estate loans were vastly inflated. Therefore, the Respondent is denied registration for the following reasons: 1) he has not conducted his business in accordance with the law; 2) he has made misrepresentations or false statements to, or concealed any essential or material fact from persons in the mortgage lending process and 3) he has demonstrated incompetence and untrustworthiness to act as a registrant. *See* KRS 286.8-090(1)(c), (g), and (n).

17. The Respondent has acted as a loan originator and/or loan processor without being registered pursuant to KRS 286.255. Therefore, the Respondent has failed to comply with the

requirements of KRS Chapter 286.8, has not conducted his business in accordance with the law, and has violated provisions of KRS Chapter 286.8., *See* KRS 286.8-090(1)(a), (c), and (v).

FINAL ORDER

Based on the Statements of Fact, Statutory Authority, and Findings set forth above, the Commissioner **ORDERS** that the application of Respondent Michael Olson for a certificate of registration as a mortgage loan originator is **DENIED**.

Executed on the 14th day of December, 2009.



Charles A. Vice, Commissioner
Kentucky Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, 40601

This is a **FINAL AND APPEALABLE ORDER**. This Final Order shall become effective upon completion of service as set forth in KRS 286.8-044.

NOTICE OF APPEAL RIGHTS

Pursuant to KRS 286.8-210, you are hereby notified that you have the right to appeal this Final Order of the Commissioner. If you chose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within sixty (60) days after completion of service of this Final Order. A copy of any Appeal Petition must also be served on the Commissioner.

Certificate of Service

I hereby certify that a copy of the foregoing **Final Order Denying Application for Mortgage Loan Originator Registration** was sent by certified mail to, return receipt requested, on this the 15 day of December, 2009 to:

Michael Olson
8702 Bards Court
Louisville, KY 40299



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